IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

IN RE:	)	
	)	
GEMCO OIL DEVELOPMENT INC.,	)	Bankruptcy Case No. 95-31228
	)	
and	)	
	)	
GENERAL MINERALS CORPORATION,	)	Bankruptcy Case No. 95-31229
	)	
Debtors.	)	

OPINION

This matter having come before the Court on a Motion to Operate Debtors' Business filed by the Trustee on October 17, 1995, and Objections thereto; the Court, having heard arguments of counsel and being otherwise fully advised in the premises, makes the following findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure.

Pursuant to 11 U.S.C. § 721, the Court may authorize the trustee to operate the business of the debtor for a limited period if such operation is in the best interest of the estate and consistent with the orderly liquidation of the estate. Such Court approval is within the sound discretion of the Court and is not subject to collateral attack. See: Collier on Bankruptcy, 15th Ed., Vol. 4. Authorization to continue business operations of a debtor generally will not be granted in the event where an operating loss may result. As a general rule, bankruptcy courts only authorize operation of a debtor's business by a trustee in limited circumstances, such as where the debtor's business could be sold for a greater price as a going concern or when sudden termination of a business could cause great hardship to the general public or to innocent third parties. See: In re Transcon Lines, 178 B.R. 228 (Bankr. C.D. Cal. 1995); In re Quarter Moon Livestock Co. Inc., 116 B.R. 775 (Bankr. D. Idaho 1990; In re Heissinger Resources Limited, 67 B.R. 378 (Bankr. C.D. Ill. 1986).

In the instant case, the Trustee indicated at hearing, on November 17, 1995, that no income is anticipated as a result of the operations of Debtors' business as contemplated by the Trustee. In reviewing all of the material submitted by the Trustee in a light most favorable to the Trustee's position, the Court finds that not only is it unlikely that any income will be generated by the six month operation of Debtors' business, but it is also highly possible that there will be an operating loss. The Court finds that the expenses of operating the Debtors' business together with administrative expenses which will be incurred during this period of time could far outweigh any income realized from the operation of the business. As such, the Court is unable to find that continued operation of the Debtors' business by the Trustee is in any way in the best interests of creditors.

In further support of his motion, the Trustee has argued that operation of the Debtors' business for a period of six months will serve to maximize return on sale of Debtors' assets and that, without such operation, there may be very little in the way of proceeds for the Debtors' creditors after liquidation of the estate. While the Court recognizes that a limited operation of the Debtors' business may help the Trustee to determine value of certain assets, the Court finds that the risks of operation far outweigh the possible advantages. In reviewing the materials presented by the Trustee and the arguments of the parties at hearing, the Court finds that there are simply too many unknown factors involved in this matter for the Court to find that the Trustee has met his burden of showing that a continued operation of the debtors' business would be in the best interest of the creditors. In the cases which the Court has located where trustees have been authorized to operate a debtor's business, there has been a clear advantage seen for the estate and for creditors. _See_: _In re Transcon Lines_, _supra_, at 234; and _In re Heissinger Resources Limited_, _supra_, at 384. As was noted above, the most often seen basis for allowing a Chapter 7 trustee to continue operation of a debtor's business is where it is found that the business could be sold as a going concern for a much greater value than if sold piece-meal. The facts of the case at bar are distinguishable from those cases where a trustee was allowed to operate debtor's business in that here the Court is unconvinced that the possible maximization of the value of the Debtors' assets will outweigh the almost certain losses generated by operational and administrative expenditures. The Court envisions far too many pitfalls and unknown factors to be able to find the Trustee's request as being in the best interest of the estate or of the creditors.

ENTERED: November 28, 1995.

/s/ GERALD D. FINES
United States Bankruptcy Judge